

Introduced by: Councilmember Seamens

First Reading:

February 20, 2007

Second Reading:

February 26, 2007

Effective Date:

March 19, 2007

## **CITY OF TAKOMA PARK**

### **ORDINANCE NO. 2007-7**

#### **(An Ordinance Authorizing the City to Enter Into an Agreement with CPDC Hampshire Towers Rental LLC for a Payment in Lieu of Taxes ~~Agreement for Hampshire Towers Apartments at 7401 New Hampshire Avenue, Takoma Park, Maryland~~)**

**WHEREAS**, Hampshire Towers Rental LLC acquired the property known as Hampshire Towers Apartments, located at 7401 New Hampshire Avenue, Takoma Park, Maryland, on or about May 31, 2006, with the purpose of substantially renovating the property and preserving it as long-term affordable housing; and

**WHEREAS**, Hampshire Towers Apartments was purchased with the support of the State of Maryland Community Development Administration (CDA) tax exempt housing bonds and low income housing 4% tax credits and Montgomery County's housing trust funds; and

**WHEREAS**, Hampshire Towers Apartments consists of 216 apartments, of which 94% or 205 apartments will be maintained as affordable housing for households whose incomes range from 30% of the adjusted median income (AMI) to 60% of the AMI, as stipulated in the various financing and regulatory agreements entered into or to be entered into by Hampshire Towers Rental LLC in conjunction with the acquisition and renovation of Hampshire Towers Apartments; and

**WHEREAS**, the owner of Hampshire Towers Apartments is CPDC Hampshire Towers Rental, LLC, a for-profit limited liability company, whose majority member is CPDC Hampshire Towers, Inc., a for-profit corporation whose stock is 100% owned by Community Housing, Inc., a non-profit tax-exempt organization; and

**WHEREAS**, CPDC Hampshire Towers Rental, LLC is engaged solely in the operating and managing of rental housing that is being substantially rehabilitated and is partially or totally financed under government programs that provide housing for low-income families; and

**WHEREAS**, pursuant to Section 7-503(a) of the Tax-Property Article of the Annotated Code of Maryland, the Council may approve an agreement providing for CPDC Hampshire Towers Rental, LLC to pay the City of Takoma Park a negotiated amount in lieu of the real property taxes for Hampshire Towers Apartments; and

**WHEREAS**, CPDC Hampshire Towers Rental, LLC has represented that it qualifies under the provisions of Section 7-503 of the Tax-Property Article of the Annotated Code of

Maryland, to enter into an agreement with the City to pay a negotiated amount in lieu of City real property taxes; and

**WHEREAS**, CPDC Hampshire Towers Rental, LLC has requested a payment in lieu of taxes (“PILOT”) Agreement with the City that would provide for a full abatement of City property taxes for Hampshire Towers Apartments, beginning with tax levy year 2007, for 17 years, then a 75% City property tax abatement for 3 years, followed by a 50% City property tax abatement for the final 2 years of the 22-year agreement; and

**WHEREAS**, the Council supports the provision and protection of affordable rental housing in the City; and

**WHEREAS**, the Council finds that a PILOT Agreement with CPDC Hampshire Towers Rental, LLC for Hampshire Towers Apartments serves a public purpose and promotes the peace, health, and general welfare of the City and its residents by providing affordable housing for low to moderate income households.

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND, THAT** the Council approves a Payment in Lieu of Taxes (“PILOT”) Agreement with CPDC Hampshire Towers Rental, LLC, its successors and/or transferees, for Hampshire Towers Apartments located at 7401 New Hampshire Avenue, Takoma Park, Maryland, as follows:

- A. For seventeen tax levy years, from levy year 2007 (tax period 7/1/07 - 6/30/08) through levy year 2024 (tax period 7/1/24 - 6/30/25), 100% of the City of Takoma Park real property taxes for Hampshire Towers Apartments located at 7401 New Hampshire Avenue, Takoma Park, Maryland shall be abated; for the three tax levy years, from levy year 2025 (tax period 7/1/25 - 6/30/26) through levy year 2027 (tax period 7/1/27 - 6/30/28), 75% of the City of Takoma Park real property taxes for Hampshire Towers Apartments located at 7401 New Hampshire Avenue, Takoma Park, Maryland shall be abated; and for two tax levy years, from levy year 2028 (tax period 7/1/28 - 6/30/29) through levy year 2029 (tax period 7/1/29 - 6/30/30), 50% of the City of Takoma Park real property taxes for Hampshire Towers Apartments located at 7401 New Hampshire Avenue, Takoma Park, Maryland shall be abated.
- B. At least 205 of the rental units at Hampshire Towers Apartments located at 7401 New Hampshire Avenue, Takoma Park, Maryland shall maintained as affordable rental housing and occupied by households with incomes less than less than 60% of the Montgomery County adjusted median household income.
- C. The City Manager is authorized to enter into a PILOT Agreement on behalf of the City with CPDC Hampshire Towers Rental, LLC, its successors and/or transferees, ~~Montgomery Housing Partnership, Inc.~~, under the provisions of Section 7-503(a) of the Tax-Property Article of the Annotated Code of Maryland, for the property known as

Hampshire Towers Apartments located at 7401 New Hampshire Avenue, Takoma Park, Maryland, and to take such actions and execute such documents as are necessary in order to carry out the purposes of this Ordinance.

**Adopted by the Council of the City of Takoma Park this 26th day of February, 2007, by roll-call vote as follows:**

<b>Aye:</b>	Porter, Austin-Lane, Barry, Clay, Seamens, Snipper, Williams
<b>Nay:</b>	None
<b>Absent:</b>	None
<b>Abstain:</b>	None

#### **EXPLANATORY NOTE**

Additions to this Ordinance made after 1<sup>st</sup> reading on February 21, 2007 are shown by redlining and underlining.

~~Deletions~~ to this Ordinance made after 1<sup>st</sup> reading on February 21, 2007 are shown by ~~strikeout~~.

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